

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Delgado Community College  
Louisiana Community and  
Technical College System  
State of Louisiana  
New Orleans, Louisiana

December 12, 2001



***Financial and Compliance Audit Division***

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***Daniel G. Kyle, Ph.D., CPA, CFE  
Legislative Auditor***

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**Daniel G. Kyle, Ph.D., CPA, CFE**

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**DELGADO COMMUNITY COLLEGE  
LOUISIANA COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM  
STATE OF LOUISIANA  
New Orleans, Louisiana**

Management Letter  
Dated November 21, 2001

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor.

December 12, 2001



DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

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November 21, 2001

**DELGADO COMMUNITY COLLEGE  
LOUISIANA COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM  
STATE OF LOUISIANA  
New Orleans, Louisiana**

As part of our audit of the Louisiana Community and Technical College System's financial statements for the year ended June 30, 2001, we considered Delgado Community College's internal control over financial reporting; we examined evidence supporting certain accounts and balances material to the System's financial statements; and we tested the college's compliance with laws and regulations that could have a direct and material effect on the System's financial statements as required by *Government Auditing Standards*. In addition, we considered Delgado Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program, as defined in the Single Audit of the State of Louisiana, and we tested the college's compliance with laws and regulations that could have a direct and material effect on the major federal programs as required by U.S. Office of Management and Budget Circular A-133.

The Annual Fiscal Report of Delgado Community College is not audited or reviewed by us, and, accordingly, we do not express an opinion on that report. The college's accounts are an integral part of the Louisiana Community and Technical College System's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.

Based on the application of the procedures referred to previously, all significant findings are included in this letter for management's consideration. All findings included in this management letter that are required to be reported by *Government Auditing Standards* will also be included in the State of Louisiana's Single Audit Report for the year ended June 30, 2001.

**Lack of Controls Over Movable Property**

Delgado Community College did not maintain adequate internal control over movable property as prescribed by state law. The Louisiana Administrative Code (LAC) 34:VII.307(A) requires that pertinent inventory information for movable property items with an acquisition cost of \$1,000 or greater be reported to the Louisiana Property Assistance Agency (LPAA) within 45 days of receipt. Of a sample of 15 items, totaling \$71,771, acquired during the year, nine items (60%), totaling \$25,144, were not reported to the LPAA within 45 days of receipt. These items were reported to LPAA between 54 and 317 days after receipt by the college.

LEGISLATIVE AUDITOR

**DELGADO COMMUNITY COLLEGE  
LOUISIANA COMMUNITY AND  
TECHNICAL COLLEGE SYSTEM  
STATE OF LOUISIANA**

Management Letter, Dated November 21, 2001

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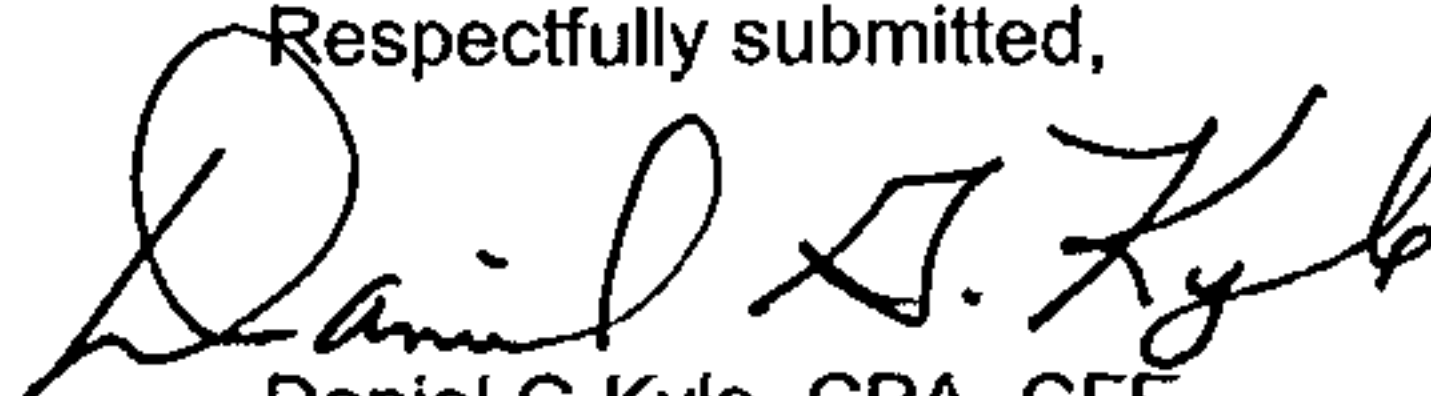
The college also did not reconcile additions in its movable property records to acquisitions recorded in the college's general ledger. Adequate internal control requires that there be such a reconciliation to ensure that all acquisitions are recorded in the LPAA system. Failure to maintain an accurate movable property system timely increases the risk of inaccurate accounting and reporting as well as the risk of loss from unauthorized use of the property.

Delgado Community College should establish procedures to ensure that all additions are reported to LPAA in a timely manner. Also, the college should perform a reconciliation between the additions in the movable property records to the acquisitions recorded in the college's general ledger to ensure that all acquisitions are recorded in the LPAA system. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A).

The recommendation in this letter represents, in our judgment, that most likely to bring about beneficial improvements to the operations of the college. The nature of the recommendation, its implementation cost, and its potential impact on the operations of the college should be considered in reaching decisions on courses of action. This finding relating to the college's compliance with applicable laws and regulations should be addressed immediately by management.

This letter is intended for the information and use of the college and its management and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is fluid and cursive, with a large initial "D" and "K".

Daniel G Kyle, CPA, CFE  
Legislative Auditor

JJS:JR:RCL:dl

[DELGADO01]

## Appendix A

### Management's Corrective Action Plan and Response to the Finding and Recommendation



**OFFICE OF THE CHANCELLOR**

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New Orleans, Louisiana 70119-4399  
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October 18, 2001

Dr. Daniel G. Kyle, CPA, CFE  
Office of Legislative Auditor  
Post Office Box 94397  
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle,

Officials of Delgado Community College concur with the finding and recommendations related to Noncompliance With State's Movable Property Regulations. We take pride in having no findings the last few years, and will make every effort to address the current problem.

It should also be noted that one of the ways the College has addressed its chronic and continued underfunding, has been not to fill several key positions which has placed additional strain on the existing staff to perform routine functions. However, while severely understaffed in many essential support positions, the College administration has taken seriously its responsibility to manage and account for its property. While we do concur with the finding, it should be stated that all of the equipment in question was indeed tagged and reported to the Louisiana Property Assistance Agency. And, further, Delgado has always been able to satisfy the Division of Administration Property Survey within the acceptable guidelines for reporting on all state property under our jurisdiction. Nevertheless, we shall concentrate our efforts to correct the deficiency designated this year by the State Auditor.


The college has taken steps to address this problem and will take additional steps to strengthen our procedures and ensure that those procedures are followed.

1. The duties of the Property Control Manager have been reassigned to another individual and the position now reports to the Director of Purchasing.
2. We will create new codes to record the equipment acquisitions that will be capitalized (items over \$1,000).
3. We will develop a program to provide the Property Control Department a monthly listing of expenditures using the above codes.
4. The Property Control Department will use this listing to verify that all items have been tagged and appropriately valued.
5. We will send another letter to all department managers on each campus emphasizing the need to promptly notify Property Control Department when equipment is received.

Dr. Daniel G. Kyle  
October 18, 2001  
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The person responsible for corrective action is A. C. Eagan, Vice-Chancellor of Business and Administrative Affairs.

Sincerely,



J. Terence Kelly  
Chancellor

JTK/nf